

292 - SELF-INSURED PPO HEALTH PLANS ISF

Operational Summary

Mission:

The County Indemnity Health Internal Service Fund (ISF) provides for self insurance of health benefits and administrative fees associated with claims from employees, retirees, and their dependents enrolled in the Premier Wellwise and Premier Sharewell health plans.

Strategic Goals:

- Fund 292 is one of the funds under Employee Benefits. The Employee Benefits Division supports the Human Resources Department's Business and Strategic Plan as they relate to the design, implementation and administration of employee benefits programs.

FY 2005-06 Key Project Accomplishments:

- Medical claims expenditures were lower than projected due to savings from health plan design changes, as well as improvement in discounts and lower medical claims administration costs related to the new Third Party Claims Administrator.

Self-Insured PPO Health Plans - The County Indemnity Health Internal Service Fund (ISF) provides for self insurance of health benefits and administrative fees associated with claims from employees, retirees, and their dependents enrolled in the Premier Wellwise and Premier Sharewell health plans.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Fund 292 is one of the funds under Employee Benefits. The Employee Benefits Division supports the Human Resources Department's Business and Strategic Plan as they relate to the design, implementation and administration of employee benefits programs.

At a Glance:

Total FY 2005-2006 Projected Expend + Encumb:	50,290,265
Total Recommended FY 2006-2007	80,767,278
Percent of County General Fund:	N/A
Total Employees:	0.00

Changes Included in the Recommended Base Budget:

Medical inflation (trend) continues to rise and had been causing an increase in medical and prescription claims within the PPO health plans. In January 2005, the County contracted with a new Third Party Claims Administrator, PacifiCare Health Plan Administrators. Savings were generated as the result of the health plan design changes and improved PPO discounts from PacifiCare Health Plan Administrators. County also entered a new contract with Walgreen Health Initiatives (WHI) effective, 1/1/06.

Proposed Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual	Budget As of 3/31/06	Projected ⁽¹⁾ At 6/30/06		Projected Amount	Percent
Total Revenues	66,304,459	71,894,858	71,163,323	80,767,278	9,603,955	13.50
Total Requirements	57,428,343	71,894,859	50,290,265	80,767,278	30,477,013	60.60
Balance	8,876,116	(1)	20,873,058	0	(20,873,058)	-100.00

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2005-06 projected requirements included in "At a Glance" (Which exclude these).

Columns may not total correctly due to rounding.

Detailed budget by expense category and by activity is presented for agency: Self-Insured PPO Health Plans ISF in the Appendix on page A209

Highlights of Key Trends:

- Medical inflation (trend) continues to rise and had been causing an increase in medical and prescription claims within the PPO health plans. In January 2005, the County contracted with a new Third Party Claims

Administrator, PacifiCare Health Plan Administrators. Savings were generated as the result of the health plan design changes and improved PPO discounts from PacifiCare Health Plan Administrators.

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Operation of Internal Service Fund 292 Operational Statement

Operating Detail		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual	Estimate	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
OPERATING INCOME					
7710	Insurance Premiums	61,318,447	59,877,103	57,025,572	57,025,572
Total Operating Income		61,318,447	59,877,103	57,025,572	57,025,572
OPERATING EXPENSES					
Services & Supplies					
1800	Office Expense	0	31,500	31,500	31,500
1900	Professional and Specialized Services	2,932,725	2,514,032	2,943,378	2,943,378
1911	CWCAP Charges	120,881	108,082	108,082	108,082
2400	Special Departmental Expense	1,694,107	2,179,474	2,629,197	2,629,197
2700	Transportation and Travel - Meetings/ Conferences	0	6,850	6,851	6,851
Total Services & Supplies		4,747,713	4,839,938	5,719,008	5,719,008
Other Charges					
3510	Other Charges - Operating	52,663,670	45,424,178	75,018,270	75,018,270
Total Other Charges		52,663,670	45,424,178	75,018,270	75,018,270
Total Operating Expenses		57,411,383	50,264,116	80,737,278	80,737,278
Net Operating Income (Loss)		3,907,064	9,612,987	(23,711,706)	(23,711,706)
NON-OPERATING REVENUE					
6610	Interest	406,002	738,563	1,236,450	1,236,450
7670	Miscellaneous Revenue	440,245	358,218	0	0
Total Non-Operating Revenue		846,246	1,096,781	1,236,450	1,236,450
NON-OPERATING EXPENSES					
1912	Investment Administrative Fees	16,960	26,149	30,000	30,000
Total Non-Operating Expenses		16,960	26,149	30,000	30,000
Net Non-Operating Income (Loss)		829,287	1,070,632	1,206,450	1,206,450
Income (Loss) Before Contributions & Transfers		4,736,350	10,683,619	(22,505,256)	(22,505,256)

Operation of Internal Service Fund 292 Operational Statement

Operating Detail (1)	FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
	Actual	Estimate	Proposed Budget	Final Budget
	(2)	(3)	(4)	(5)
STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED				
Income (Loss) Before Contributions & Transfers	4,736,350	10,683,619	(22,505,256)	(22,505,256)
7810 Interfund Transfers In - from Fund 100	1,100,037	1,313,323	1,632,197	1,632,197
Increase (Decrease) in Net Assets - Unrestricted	5,836,387	11,996,942	(20,873,059)	(20,873,059)
Net Assets - Unrestricted - Beginning of Year	3,039,730	8,876,117	20,873,059	20,873,059
Net Assets - Unrestricted - End of Year	8,876,117	20,873,059	0	0